

## TARGET MARKET DETERMINATION

<b>Product Name</b>	The Essentials Home Loan
<b>Start Date</b>	5 October 2021
<b>Description</b>	A variable interest rate home loan that offers complete repayment flexibility.
<b>Target Market</b>	<p><b>Objectives, financial situation and needs of the Target Market</b></p> <ul style="list-style-type: none"> <li>Customers who do not want to lock into a fixed rate home loan and who are looking for a consistently lower rate by choosing to apply for the Essentials Home Loan offer.</li> <li>Customers whose primary objective is to repay their loan as soon as possible or keep their interest costs to a minimum (e.g., First Home Buyers and Young Couples).</li> <li>Price and simplicity are the main selling features of this loan.</li> <li>Available to customers wishing to link their loan to an Essentials Offset Account.</li> <li>Appropriate for: <ul style="list-style-type: none"> <li>Owner-occupiers</li> <li>Investors</li> <li>New loans</li> <li>Further loans</li> <li>Vacant land loans</li> </ul> </li> </ul> <p><b>Eligibility criteria for the product</b></p> <ul style="list-style-type: none"> <li>This loan is available to new and existing customers.</li> <li>Available to applicants over the age of 18 years.</li> <li>Applicant must meet the Bank's Credit criteria.</li> <li>Loan Mortgage Insurance (LMI) is required if amount borrowed is more than 80% of the value of the property.</li> <li>Successful completion of applicable Arab Bank Australia Limited (ABAL) identification check requirements.</li> </ul> <p><b>Key features of the product</b></p> <ul style="list-style-type: none"> <li>Principal and Interest Loan Term – Greater than 1 years with a maximum of 30 years</li> <li>Minimum Loan amount - \$50,000</li> <li>Maximum loan amount is 95% of the value of the property</li> <li>Switching into this loan from another product is permitted.</li> <li>Option to choose between weekly, fortnightly, or monthly repayments</li> <li>Option to make unlimited extra repayments free of charge</li> <li>Option to redraw available, gives customers the ability to access repayments above the required minimum amount, enabling them to redraw funds without the need for a new application (minimum redraw amount of \$2,000)</li> <li>Ability to redraw online via Internet Banking application</li> <li>Mortgage insurance facility available allowing customers to borrow up to 95% of the property's value</li> <li>Loan is transferable</li> <li>100% linked offset account available</li> <li>Loan portability is available, allowing customers to keep the same home loan product, but change the supporting security</li> <li>Unlimited additional repayments</li> <li>Option to apply for an offset arrangement. Criteria: <ul style="list-style-type: none"> <li>The Customer must hold an Essentials Offset Account in addition to the Essentials Home Loan.</li> <li>The Customer must request to link their Essentials Home Loan and Essentials Offset Account in writing to ABAL.</li> <li>The Customer's Essentials Offset Account must be in the same name as the Customer's Essentials Home Loan account.</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>- The Customer's Essentials Offset Account must not currently be linked to any other loan held by the Customer with ABAL.</li> <li>- The Customer's Essential Home Loan must be regulated by the National Credit Code.</li> <li>• Offset Arrangement: <ul style="list-style-type: none"> <li>- The interest charges for each day calculated on the balance owing on the Customer's Essentials Home Loan account will be calculated by deducting the credit balance of the Customer's Essentials Offset Account from the balance owing on the Customer's linked Essentials Home Loan at the end of the day and then applying the interest rate applicable to the Essentials Home Loan to calculate the daily interest charge.</li> <li>- Where the credit balance of the Customer's linked Essentials Offset Account offsets the balance owing on the Customer's Essentials Home Loan in full at the end of a day, no interest will be charged under the Customer's Essential Home Loan for that day.</li> <li>- While the Customer's Essentials Offset Account is linked to the Customer's Essentials Home Loan, the Customer's Essentials Offset Account will not earn any interest even if the credit balance of the Customer's Essentials Offset Account exceeds the balance owing on the Customer's Essentials Home Loan.</li> <li>- Option to terminate the offset arrangement by giving seven days' notice in writing.</li> </ul> </li> </ul> <p><b>Fees and Charges</b></p> <ul style="list-style-type: none"> <li>• Application fee: \$600</li> <li>• Additional fees and interest associated with this product and the offset arrangement can be found on the website (<a href="https://www.arabbank.com.au/about/fees">https://www.arabbank.com.au/about/fees</a>)</li> </ul> <p><b>Why the product is likely to be consistent with the likely objectives, financial situation and needs of the target market</b></p> <ul style="list-style-type: none"> <li>• Flexibility of features facilitates a customisable, straightforward home loan for individuals looking for simplicity and lower interest rate</li> <li>• Affordability attracts customers who are looking to invest in their first property</li> <li>• Ability to repay the loan at customer's leisure offers flexibility and ease for those looking to vary their repayments over time</li> <li>• Ability to offset the interest on your loan by linking it an 100% offset account.</li> </ul>
Distribution Conditions	<p><b>Distribution Conditions for the product</b></p> <p>The distribution of this product is subject to the following conditions and restrictions:</p> <ul style="list-style-type: none"> <li>• ABAL staff that distribute this product must meet ABAL's minimum qualification requirement and hence must possess the following: <ul style="list-style-type: none"> <li>- Tier 2 General Advice Deposit Products</li> </ul> </li> <li>• This product cannot be distributed through third parties</li> <li>• The product can only be distributed to retail customers in accordance with ABAL's product and process requirements</li> <li>• This product can be distributed: <ul style="list-style-type: none"> <li>- In branch.</li> </ul> </li> </ul> <p>ABAL views that these conditions are appropriate and are of a nature that the distribution of the product will likely be consistent with the target market as ABAL will have close oversight of how the product is promoted and distributed by staff who are sufficiently qualified.</p>
Review Triggers	<p>The TMD may no longer be considered appropriate and a review of this TMD must be undertaken by ABAL, if any of the below review triggers occur:</p> <ul style="list-style-type: none"> <li>• A significant number of complaints received from customers who acquired the product, which relate to the customer's purchase or use of the product and which shows that the</li> </ul>

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	<p>TMD may no longer be appropriate for the product</p> <ul style="list-style-type: none"> <li>• A material incident or significant number of incidents which relates to customer's purchase or use of the product and which shows that the TMD may no longer be appropriate for the product</li> <li>• A significant dealing of this product to customers who are outside the Target Market</li> <li>• The receipt of a product intervention power order note from ASIC requiring ABAL to immediately cease retail product distribution conduct in respect of the product</li> <li>• Any other event or circumstance that ABAL views would materially change a factor considered in making the TMD</li> </ul>
<b>First Review Date</b>	5 October 2023
<b>Review Periods</b>	<ul style="list-style-type: none"> <li>• Reviews to be conducted at least every two years</li> <li>• Reviews to be conducted, if necessary, as prompted by a Review Trigger (mentioned above)</li> </ul>
<b>Review Trigger Information Requirements</b>	This product is not distributed by third parties; therefore, no review trigger information reporting requirements are applicable to this product.